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SUBJECT: UNRISD- IMPLICATIONS OF GLOBAL CRISIS ON DEVELOPING  
COUNTRIES

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11. SUMMARY: The UN Research Institute for Social Development (UNRISD) held a forum November 12-13 on "Social and Political Dimensions of the Global Crisis: Implications for developing countries." The forum consisted of five sessions and 24 presentations by representatives from UNDP, ILO, CoopAfrica, UNICEF, World Institute for Development Economics Research of the United Nations University (UNU-WIDER), and 19 research centers, institutes, and universities. In addition to identifying the underlying social and political aspects to the global crisis, speakers examined the cause of the crisis in terms of neoliberal ideologies, which was defined as the reduction of state or government intervention in economic and social activities. Speakers concurred on the need for a policy reformation process.  
END SUMMARY.

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UNRISD - Background  
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12. The UN Research Institute for Social Development (UNRISD) was created in 1963 as part of the United Nations' comprehensive approach to development, which sought the inclusion of non-economic factors of development in research. UNRISD is the only UN organization that engages exclusively in research on social development. The Institute conducts comparative research in collaboration with scholars and activists, primarily in the developing world, many of whose ideas are not generally reflected in current debates. Strong ties to the global research community and its proximity to the UN system help UNRISD to carry out policy-relevant research on issues of social development.

13. The UNRISD research initiative aims to contribute to debates on new policy approaches to poverty reduction by:

-- Assessing contemporary approaches to poverty reduction, including the Millennium Development Goals (MDGs) and Poverty Reduction Strategy Papers (PRSPs);

-- Identifying key institutional, policy and political issues not being addressed in current poverty reduction strategies;

-- Examining contradictions, complementarities and synergies between components of policy regimes, including social, labor market and macroeconomic policies, and political and regulatory institutions.

¶4. UNRISD research conducted on social policy in a development context from 2000–2005 concluded that poverty eradication is always embedded in social and development policy but that effective social policy must also address issues of redistribution, production, protection and reproduction of goods; and that policies related to each of these aspects must work synergistically to promote inclusive and equitable development.

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#### Dimensions of the Global Crisis

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¶5. Participants at the forum agreed that the global financial crisis is one that was preceded by, and is concurrent with, several other global crises, such as the growth in greenhouse gas emissions, climate change, and food shortages propelled by inflation in global food prices. Professors from the University of South Florida argued that there are two more crises: an unworkable paradigm rooted in global financial markets, and a political crisis due to poor policy conflict-management.

¶6. According to UNU-WIDER's presentation on the Global Aid Architecture and the Triple Crisis (financial crisis, food shortage, climate change), developing countries are affected by the financial crisis via lower commodity prices, reduced private financial flows, and falling remittances. In Asian countries such as Cambodia, China, Indonesia, Lao PDR, and Vietnam, women are more likely to work in insecure jobs and sectors that are especially exposed to the crisis. Yet, presenters argued that stimulus packages pay insufficient attention to mitigating the impact of crises on vulnerable women.

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#### Implications of the Global Financial Crisis

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¶7. According to Professor Ben Fine of the School of Oriental and African Studies in the United Kingdom, the financial crisis was largely due to global imbalances caused by the United States' financial bubble and Chinese current account surpluses. Several speakers concluded that the financial crisis has necessitated a reevaluation of orthodox policies based on free market principles, which is underpinned by "financialization." Professor Fine defines "financialization" as the increasing role of financial motives, markets, actors, and institutions in the operation of domestic and international economies.

¶8. Manuel Riesco of Centro de Estudios Nacionales de Desarrollo Alternativo (CENDA), a national research center in development alternatives in Chile, concluded that the financial crisis has

(i) retrenched the financial sector and its global political power prompting the fall of neoliberalism;

(ii) discarded utopian ideas about the long-term stability and profitability of financial markets, and the solvency of private providers as substitute providers of public universal social services; and,

(iii) re-asserted the historical unity between modern markets and states, specifically regarding public expenditures and the need to

protect and regulate markets within spaces of national or shared sovereignty.

Moreover, he thinks the financial crisis has provided an opportunity to create a new progressive, inclusive, and developmental policy paradigm in the North and South.

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New Opportunities

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¶9. According to most presenters, the financial crisis had provided the opportunity to develop new policies based on principles of a more regulated yet mixed economy. Fine concluded that de-centered, regional solutions are optimal and that regionalism will be a key element to social reforming international institutions like the World Bank and IMF. Solutions range from the Green New Deal, an economy based on environmentally-friendly concepts as an economic recovery strategy. Other presenters suggested that the crisis calls for a revival of Keynesian policies, which requires active policy responses by the public sector and some regulation of the business sector. Others proposed the developmental welfare-state as an avenue for social and economic progress.

COMMENT

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¶10. Predictably, there was no consensus reached by the conclusion of the forum as to what would be the best strategy for global economic recovery. There was however, a common assumption that the

global economy would not recover for another five to ten years if neoliberal ideologies persist. The forum emphasized that "business as usual" in terms of economic policymaking at a global governance and national policymaking level needs to end, that blaming the United States as the sole contributor to the global crisis would not lead to a comprehensive recovery, and that regulatory change is needed. The discussion was constructive although it did not provide any specific policy recommendations besides a general agreement among participants that greater government intervention in economics is beneficial and necessary.

GRIFFITHS